



Montgomery County Council

From the Office of Councilmember Roger Berliner

August 30, 2010

Contact: 240-777-7828

Councilmember Roger Berliner's Statement Before Maryland Public Service Commission

ROCKVILLE, Md., August 30, 2010—Montgomery County Councilmember Roger Berliner, the Council's Lead Member for Energy and Environment, today testified at a Maryland Public Service Commission public hearing in Rockville that is part of the PSC's investigation into the reliability of electricity provider Pepco.

The complete text of Councilmember Berliner's statement:

**STATEMENT OF
COUNCILMEMBER ROGER BERLINER
BEFORE THE
MARYLAND PUBLIC SERVICE COMMISSION
PUBLIC HEARING ON PEPCO'S RELIABILITY
AUGUST 31, 2010**

MR. CHAIRMAN AND COMMISSIONERS:

THANK YOU FOR PROVIDING THE PUBLIC WITH THE OPPORTUNITY TO SHARE WITH YOU DIRECTLY OUR FRUSTRATIONS OVER UNACCEPTABLY POOR SERVICE FROM PEPCO.

OUR COUNCIL REQUESTED THIS INVESTIGATION, AND, AS YOU HAVE HEARD, WE ARE OBVIOUSLY GRATIFIED THAT YOU HAVE LAUNCHED IT. AS YOUR ORDER NOTES, SETTING STORMS AND ACTS OF GOD TO THE SIDE, THE DAY TO DAY PERFORMANCE OF PEPCO DOES NOT MEASURE UP. YOUR FIRST DAY OF HEARINGS CONFIRMED THIS – PEPCO'S PERFORMANCE HAS CONSISTENTLY RANKED AMONG THE LOWEST QUARTILE IN THE NATION.

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WHAT DOES THIS MEAN? IT MEANS THAT:

- ON THE HOTTEST DAYS OF THE YEAR, SENIOR CITIZENS LIVING IN HIGH RISES ARE WITHOUT AIR CONDITIONING;
- ON THE COLDEST DAYS OF THE YEAR, CITIZENS MUST FLEE THEIR HOMES;
- ON A NORMAL SUNNY DAY, BUSINESSES LOSE POWER AND HOMEOWNERS MUST EMPTY THEIR REGRIFERATORS AND FREEZERS;
- IT MEANS THAT THE COST OF LIVING HAS GONE UP AGAIN IN MONTGOMERY COUNTY BECAUSE NOW HOMEOWNERS MUST SERIOUSLY CONSIDER BUYING BACK-UP GENERATORS BECAUSE PEPCO SERVICE IS SO UNRELIABLE
- AND FOR FAR TOO MANY DAYS, IT MEANS THAT MONTGOMERY COUNTY, THE ECONOMIC ENGINE OF THE STATE, IS LITERALLY UNPLUGGED, AND WE ARE AT A COMPETITIVE DISADVANTAGE IN ATTRACTING NEW BUSINESSES.

PERHAPS WHAT IS MOST FRUSTRATING TO ME IS THAT IT NEED NOT BE THIS WAY. SOMETHINGS IN OUR LIVES OUR BEYOND OUR CONTROL – THIS IS NOT ONE OF THEM.

AS THE CHAIRMAN MAY RECALL, IN MY PREVIOUS LIFE BEFORE SERVING ON THE COUNTY COUNCIL, I REPRESENTED LOCAL GOVERNMENTS BEFORE PUBLIC SERVICE COMMISSIONS LIKE YOURS AND BEFORE THAT, I SERVED AT THE FEDERAL ENERGY REGULATORY COMMISSION. YOU KNOW AND I KNOW THAT PEPCO IS 100% SUBJECT TO YOUR RULES, YOUR ORDERS, YOUR DIRECTIVES. YOU TELL THEM TO JUMP, AND THEIR ANSWER MUST BE “HOW HIGH.”

AND NOW IT’S TIME FOR YOU TO TELL THEM TO JUMP. IT’S TIME TO STOP THE HAND-WRINGING ABOUT OUR TREE CANOPY THAT OTHER UTILITIES ACROSS THE COUNTRY HAVE SOMEHOW MANAGED TO COPE WITH FOR YEARS AND INSTEAD FIX A BROKEN SYSTEM.

AND WE NEED ACTION NOW. NOT IN 5 YEARS. NOW. AND WHILE I AM PLEASED THAT PEPCO HAS UNVEILED A 6 POINT PLAN, YOUR JOB IS TO MAKE SURE THAT THE PLAN YOU ADOPT FOCUSES ON MAKING THE BIGGEST GAINS IN RELIABILITY FIRST AND THAT IT DOES SO IN THE MOST COST EFFECTIVE MANNER POSSIBLE. AT THE SAME TIME, WE MUST INSIST THAT PEPCO COMMUNICATE WITH ITS CUSTOMERS IN A MEANINGFUL WAY DURING OUTAGES SO THAT COMSUMERS GET REALIABLE, REAL TIME INFORMATION.

ONE THING IS FOR SURE. BEFORE THE EVENING IS OVER, YOU WILL HEAR FROM OUR RESIDENTS WHO WONDER WHY IT IS THAT THEY PAY PEPKO SO MUCH AND GET SO LITTLE IN RETURN. THEY ASK ME REPEATEDLY WHY IS IT THAT SHAREHOLDERS SEEM TO BE DOING SO MUCH BETTER THAN RATEPAYERS AND WONDER WHY SHAREHOLDERS SHOULDN'T CONTRIBUTE TO SOLVING THIS PROBLEM?

AND SO I SUGGEST TO YOU THAT IN THE FACE OF WIDESPREAD ANGER, FRUSTRATION AND CYNICISM, WE NEED A RENEWED RATEPAYER COMPACT. WE NEED A RATEPAYER COMPACT THAT ASSURES OUR RESIDENTS THAT THEY WILL GET THE QUALITY OF SERVICE THEY DESERVE AND EXPECT, THAT PEPKO'S SHAREHOLDERS WILL CONTRIBUTE THEIR FAIR SHARE, AND THAT YOU WILL HOLD PEPKO ACCOUNTABLE.

THIS LAST POINT IS PROBABLY MOST IMPORTANT OF ALL. HOLDING PEPKO ACCOUNTABLE. IN MY REVIEW OF YOUR COMMISSION'S CURRENT REGULATIONS, I BELIEVE THERE ARE SIGNIFICANT GAPS, GAPS THAT OTHER STATE COMMISSIONS LIKE YOURS HAVE ADDRESSED.

FOR EXAMPLE, TODAY WE DO NOT HAVE ANY STATE STANDARDS BY WHICH TO JUDGE PEPKO'S PERFORMANCE. YOU HAVE NOT SAID TO PEPKO, HERE IS THE STANDARD OF RELIABILITY WE EXPECT YOU TO MEET. IF WE HAVE NO STATE STANDARD, IT IS DIFFICULT, IF NOT IMPOSSIBLE, TO HOLD PEPKO'S ACCOUNTABLE WHEN THE LIGHTS GO OUT.

AND WE MUST HOLD PEPKO ACCOUNTABLE. PEPKO'S JOB IS TO BUY POWER AS CHEAPLY AS IT CAN AND TO DELIVER IT RELIABLY. THAT IS WHAT WE PAY THEM TO DO. BUY POWER, DELIVER POWER. AND IF THEY DON'T DO IT WELL, THEY SHOULD NOT BE PAID AS WELL. IT IS THAT SIMPLE.

MANY OTHER STATES HAVE ADOPTED WHAT IS CALLED "PERFORMANCE BASED RATEMAKING", A CONCEPT THAT HOLDS THAT A UTILITY'S EARNINGS FROM RATEPAYERS SHOULD BE LINKED WITH HOW WELL THE UTILITY PERFORMS ITS DUTY. IT IS TIME, PAST TIME, FOR THIS COMMISSION TO ADOPT A SIMILAR APPROACH.

GIVEN THESE GAPS, AND WORKING WITH DELEGATE FELDMAN, I HAVE DRAFTED STATE LEGISLATION THAT WOULD HOLD PEPKO ACCOUNTABLE. BUT THIS LEGISLATION WILL ONLY BE NECESSARY IF YOU DON'T ADOPT THIS APPROACH ON YOUR OWN, AN APPROACH WHICH I, FOR ONE, URGE YOU TO TAKE.

AS YOU CONTINUE THIS INVESTIGATION, I HOPE THAT YOU WILL BE AGGRESSIVE IN GETTING THE FACTS FROM PEPKO. THE PUBLIC HAS A RIGHT TO KNOW AND SEE PEPKO'S INTERNAL DOCUMENTS THAT DISCUSS

THEIR POOR RELIABILITY. AND THE PUBLIC SHOULD HAVE MAPS OF EVERY NEIGHBORHOOD WITH BOTH THE FREQUENCY AND THE NUMBER OF OUTAGES COLOR CODED. AS PEPCO HAS STATED, WITHIN A SYSTEM THAT IS AMONG THE WORST IN THE COUNTRY, THERE ARE MANY PEPCO POCKETS THAT PERFORM EVEN WORSE. OUR RESIDENTS HAVE A RIGHT TO KNOW JUST HOW BAD IT HAS BEEN FOR THE PAST 5 YEARS, BLOCK BY BLOCK.

MR. CHAIRMAN AND COMMISSIONERS, THERE ARE MANY PEOPLE HERE TONIGHT AND THROUGHOUT OUR COUNTY THAT DON'T THINK ANYTHING WILL EVER CHANGE WHEN IT COMES TO PEPCO. THEY ARE PAST CYNICAL. I HOPE YOU WILL PROVE THEM WRONG. I HOPE YOU WILL ADOPT A RENEWED RATEPAYER COMPACT THAT INSISTS UPON QUALITY SERVICE AND HOLDS PEPCO ACCOUNTABLE FOR MEETING THEM

THANK YOU.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "Roger Berliner". The signature is fluid and cursive, with the first name "Roger" and last name "Berliner" clearly distinguishable.

Councilmember Roger Berliner
Montgomery County Council
Lead, Energy & Environment
District 1 (Bethesda, Chevy Chase, Potomac)